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China CITIC Bank London Branch

Management Committee Terms of Reference



Document Control

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Version Control

Version	Author	Approval	Date	Key Changes
1.0	Branch preparatory team	ManCo	24/10/18	Formal approval of the draft version submitted to the PRA on 29 June 2018; no change was made.
1.1	Ling Hearne	ManCo	08/03/19	House-keeping and maintaining consistency with RBP and relevant approved policies.
2.0	Ling Hearne	ManCo	08/06/20	Annual review – changes made to ManCo's Roles and Responsibilities, appointment of the ManCo Secretary and meeting pack submission deadline.

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Glossary of Terms

ALCo	Assets and Liability Committee
AML	Anti-Money Laundering
ARCo	Audit and Risk Committee
CNCB	China CITIC Bank
CNCBLB	China CITIC Bank London Branch
CRO	Chief Risk Officer
FCA	Financial Conduct Authority
HO	Head Office
KPIs	Key Performance Indicator
KRIs	Key Risk Indicator
ManCo	Management Committee
MI	Management Information
MLRO	Money Laundering Reporting Officer
PRA	Prudential Regulation Authority
RMF	Risk Management Framework
the Bank	China CITIC Bank
the Branch	China CITIC Bank London Branch
The regulators	The Prudential Regulation Authority (“PRA”) and the Financial Conduct Authority (“FCA”)
VP	Vice President

1 Introduction

This document sets out the Terms of Reference (“ToR”) for the Management Committee (“ManCo”, or the “Committee”) for China CITIC Bank London Branch (“CNCBLB” and / or “the Branch”).

2 Objectives

The objectives of this document are to:

- Define the authority of the ManCo;
- Outline the roles and responsibilities of the ManCo and its members; and
- Outline the structure and governance in respect of the operation of the ManCo.

All members of the Committee are required to familiarise themselves with this document and make reference to it as a comprehensive guide to the Committee’s function and authority.

3 Ownership

The ‘chain’ of ownership and oversight of the ToR is organised as follows:

Document Owner	The President is responsible for the maintenance of the ToR and for reviewing adequacy at least annually or more frequently as required.
Approval	ManCo is responsible for the review and challenge of the ToR ahead of approval and implementation. The ToR must be reviewed and reapproved annually by ManCo or more frequently as required.
Applicability	All members of this Committee must perform their role in accordance with regulatory expectations and the specific provisions set out in the ToR.

4 Authority

The ManCo derives its authority from the President who has been provided with Delegation of Authority (DOA”) by the Head Office (“HO”). ManCo is the most senior committee of the Branch and the ultimate decision-making body.

The ManCo sub-delegates its authority in certain areas to its sub-committees which are constituted to support ManCo to discharge its responsibilities.

These sub-committees are:

- Audit and Risk Committee (“ARCo”)
- Assets and Liability Committee (“ALCo”)
- Credit Committee (“CCo”)

5 Risk of Non-Compliance

There are several commercial and internal risks that may arise from failure to adhere to the ManCo ToR. These risks center on decision making and the management of inherent and residual risks considered by the Committee.

Failure to adhere to the ToR could also lead to business opportunities being lost due to an unnecessarily long decision-making process through the Branch, or to inappropriate levels or types of risks being accepted by the Branch through insufficient consideration / inadequate risk management / governance arrangements.

Ultimately the Branch must be able to demonstrate adherence to applicable Rules and Regulations in the UK in respect of corporate governance. Adherence to the requirements in the ToR are mandatory both for all members of ManCo as well as any other person affected directly or indirectly through interaction with the Branch’s governance framework, of which the ToR is a component part.

6 Roles and Responsibilities

The ManCo is the ultimate decision-making committee of the Branch and as such is responsible for the oversight of the day-to-day operation of CNCBLB.

The individual members of the ManCo will maintain their own individual functional reporting lines ('dotted' line) into HO in parallel to the Branch's reporting lines to the President.

6.1 Key responsibilities of the ManCo

- a. Monitor and assess the performance of all activities undertaken by the Branch to ensure these are in line with the HO approved strategy and risk appetite as well as regulatory requirements and expectations;
- b. Support the President in setting and delivering the Branch's strategy based on the DOA from the HO to the President;
- c. Consider all correspondence with the UK regulators (the Prudential Regulation Authority and the Financial Conduct Authority), including submission of the Branch's periodic and ad hoc management information ("MI");
- d. Decide the Branch's overall risk management framework as well as its components, ensuring that they are appropriate and fit for purpose given the size, nature and complexity of activities undertaken;
- e. Set Branch risk limits and thresholds based on recommendations from the relevant sub-committees and in accordance with the Branch's risk appetite;
- f. Approve or ratify all policies across the Branch based on recommendations or decisions of the sub-committees;
- g. Review the overall risk profile of the Branch (including strategic risk & business risk, new product risk, credit risk, market risk, liquidity risk, operational risk, financial risk, IT risk, outsourcing risk, conduct risk, compliance risk, regulatory risk, legal risk and other emerging risks), and determine appropriate strategies;
- h. Approve the Branch's outsourcing strategy and arrangements as recommended by ARCo;
- i. Review the MI produced by all functions and sub-committees, and to determine any appropriate actions;
- j. Review and approve the specified Branch MI for submission to the HO; act as escalation point for all sub-committees and refer to the HO (in particular HO International Business Committee, or "IBC") when necessary;
- k. Anticipate macroeconomic changes which could affect the Branch's operations and formulate strategies to effectively mitigate the risks arising from such changes; and
- l. Review and approve the annual Internal Audit plan.

6.2 Key responsibilities for ManCo members

All matters considered by the Committee must be discussed and challenged openly and constructively on the basis of active and informed participation by the Committee's members.

The Chairman will conclude and confirm the resulting decisions in respect of each item considered by the Committee.

Notwithstanding the collective responsibility of the ManCo, individual members who undertake Senior Management Functions (“SMF”) under the Senior Management and Certification Regime (“SMCR”) may be allocated specific additional prescribed responsibilities, as detailed in the Branch’s Management Responsibilities Map (“MRM”) and the individual Senior Manager’s Statement of Responsibilities.

SMFs are personally accountable for the effective performance of any allocated prescribed responsibilities in the first instance and are required to act in accordance with the Conduct Rules, as set out in the FCA Handbook (“COCON”).

7 Committee Composition; Committee Secretary; Others

The Committee is composed of:

- The President (Chairman);
- The Vice President (“VP”, Acting Chairman);
- The Chief Risk Officer (“CRO”);
- Head of Finance and Accounting; and
- The Chief Compliance Officer (“CCO”).

All members of the Committee have the right to vote. If the Committee Chairman is unable to attend the VP will assume the role of Acting Chairman.

The Committee’s secretary (the “Committee Secretary”) is appointed by the Chairman. The Committee Secretary does not have the right to vote on matters considered by the Committee.

When necessary, the ManCo can request the attendance of any member of staff regardless of seniority and employment status.

8 Meeting Frequency

All members of the ManCo are expected to meet on a monthly basis. However, if necessary, any member of the Committee can call for an extraordinary meeting with the prior approval of the Chairman.

Ahead of each meeting, members of the Committee shall receive an information pack from the Committee Secretary containing the agenda and relevant papers to facilitate discussions no less than three working days before the meeting is due to take place. This is to allow sufficient time for committee members to review the documentation.

9 Quorum

A minimum of three members must be present including at least one of the Chairman or Acting Chairman for quorum to be achieved. Absence of the Chairman should be kept to an absolute minimum.

10 Decision Making

A majority vote is required for all decisions, with the Chairman's decision being final should a split vote arise. In the case of a meeting not attended by the Chairman the Acting Chairman will have the deciding vote.

The President (the Chairman) shall have veto power on any outsourcing proposals, but cannot impose a new relationship without prior consent through the ManCo process.

11 Meeting Minutes

All meetings will be formally minuted by the Committee Secretary with minutes from the last meeting approved at the beginning of the next meeting. The minutes as a minimum must capture key discussions, action points agreed and any decision made.

Furthermore, the minutes will capture the names of those in attendance and absent. In the Chairman's absence, the Acting Chairman will be identified in the meeting minutes.

Draft minutes will be submitted to the Chairman within three working days of the meeting taking place for his approval, before circulated to the Committee's members.

As determined by the Committee's members, physical meetings or online meetings may not always be held and decisions may alternatively be formulated and circulated by email. Relevant email chains must be retained and attached to the minutes as evidence of decisions made.

12 Conflicts of Interest

Where a member or attendee's ability to act in accordance with the ToRs is jeopardised by a conflict of interest, whether actual or perceived, that member or attendee must act in accordance with the Branch's Conflict of Interest Policy.

In the context of the business of this committee the existence of such conflicts must be declared at the start of any given meeting potentially affected, additionally the member is required to exclude themselves from any decision-making impacted by the conflict, whether actual or perceived.